

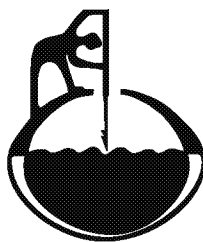
# The Economic Importance of the Bristol Bay Salmon Industry

## EXECUTIVE SUMMARY



Prepared for: **Bristol Bay Regional Seafood Development Association**

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## THE ECONOMIC IMPORTANCE OF THE BRISTOL BAY SALMON INDUSTRY

By any measure, the Bristol Bay sockeye salmon fishery is very large and valuable. It is the world's most valuable wild salmon fishery, and typically supplies almost half of the world's wild sockeye salmon. In 2010, harvesting, processing, and retailing Bristol Bay salmon and the multiplier effects of these activities **created \$1.5 billion** in value across the United States.

In 2010, Bristol Bay salmon fishermen harvested 29 million sockeye salmon worth \$165 million in direct harvest value alone. That represented 35% of the total Alaska salmon harvest value, and was greater than the total value of fish harvests in 41 states. Salmon processing in Bristol Bay added \$225 million to the harvest value, for a total first wholesale value after processing of \$390 million.

In 2010, the Bristol Bay sockeye salmon fishery supported 12,000 fishing and processing jobs during the summer salmon fishing season. Measuring these as year-round round jobs, and adding jobs created in other industries, the Bristol Bay salmon fishery created the equivalent of almost 10,000 year-round American jobs across the country, and brought Americans \$500 million in income.

The economic importance of the Bristol Bay salmon industry extends far beyond Alaska, particularly to the West Coast states of Washington, Oregon and California.

- » About one-third of Bristol Bay fishermen and two-thirds of Bristol Bay processing workers live in West Coast states.
- » Almost all major Bristol Bay processing companies are based in Seattle.
- » Most of the supplies and services used in fishing and processing are purchased in Washington state.
- » Significant secondary processing of Bristol Bay salmon products occurs in Washington and Oregon.

The economic importance of the Bristol Bay salmon industry goes well beyond the value, jobs, and income created by the fishing and processing which happens in Bristol Bay. More value, jobs and income are created in *downstream industries* as Bristol Bay salmon are shipped to other states, undergo further processing, and are sold in stores and restaurants across the United States. Still more jobs, income and value are created in other industries through *multiplier impacts* as Bristol Bay fishermen and processors and downstream industries purchase supplies and services, and as their employees spend their income.



Bristol Bay fishing boats

## Economic Impacts of the Bristol Bay Salmon Industry in 2010

Annual average employment: 9,800 jobs	Output value: \$1.5 billion	Income: \$500 million
<b>Fishing &amp; processing in Bristol Bay</b>		
12,000 seasonal jobs (=2,000 annual jobs)	\$390 million	\$140 million
<b>Shipping, secondary processing &amp; retailing after Bristol Bay</b>		
1,000 jobs	\$110 million	\$40 million
<b>Multiplier impacts in other industries</b>		
6,800 jobs	\$970 million	\$320 million

## Overview of the Bristol Bay Salmon Industry

Bristol Bay is located in southwestern Alaska. Each year tens of millions of sockeye salmon return to spawn in the major river systems which flow into Bristol Bay. The large lakes of the Bristol Bay region provide habitat for juvenile sockeye salmon during their first year of life.

For well over a century, Bristol Bay salmon have supported a major salmon fishing and processing industry. Most of the harvest occurs between mid-June and mid-July. At the peak of the fishing season, millions of salmon may be harvested in a single day.

Only holders of limited entry permits issued by Alaska's state government, and their crew are allowed to fish in Bristol Bay. There are permits for two kinds of fishing gear: drift gillnets (operated from fishing boats) and set gillnets (operated from shore). There are approximately 1,860 drift gillnet permits and approximately 1,000 set net permits. Drift gillnet permits average much higher catches and account for most of the total catch. About one-third of the permit holders are from West Coast states.

A Bristol Bay salmon fisherman



<b>Bristol Bay Salmon Industry Permit Holders, by State of Residence, 2010</b>						
Permit Type	Alaska	Washington	Oregon	California	Other States & Countries	Total
Drift Gillnet	845	642	98	109	156	1,850
Set Gillnet	629	127	38	34	99	927
Total	1,474	769	136	143	255	2,777

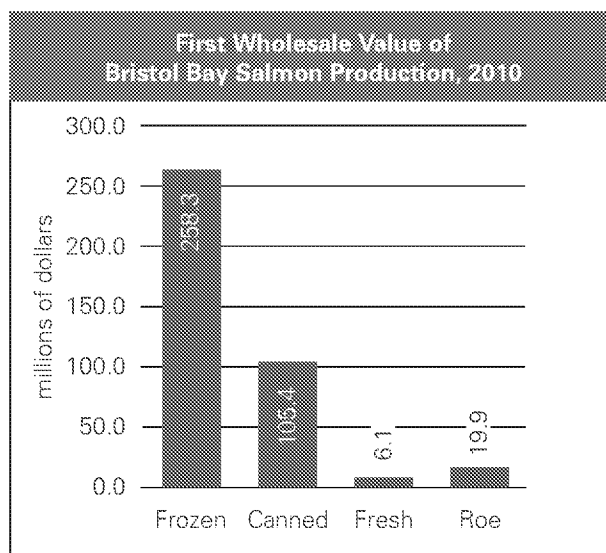
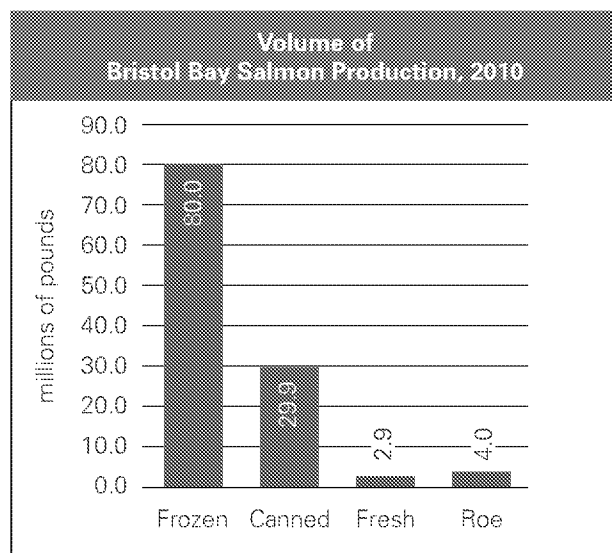
For each permit holder, who is usually a captain, there are typically two to three additional crew members. About 7,000 fishermen fished in Bristol Bay in 2010.

The Bristol Bay salmon harvest is processed by about 10 large processing companies and 20 smaller companies employing about 5,000 processing workers at the peak of the season in both land-based and floating processing operations. Most of the workers are from other states and live in bunkhouse facilities at the processing plants.

Bristol Bay salmon are processed into four major primary products: frozen salmon, canned salmon, fresh salmon, and salmon roe. Frozen salmon includes both headed and gutted (H&G) salmon as well as salmon fillets.



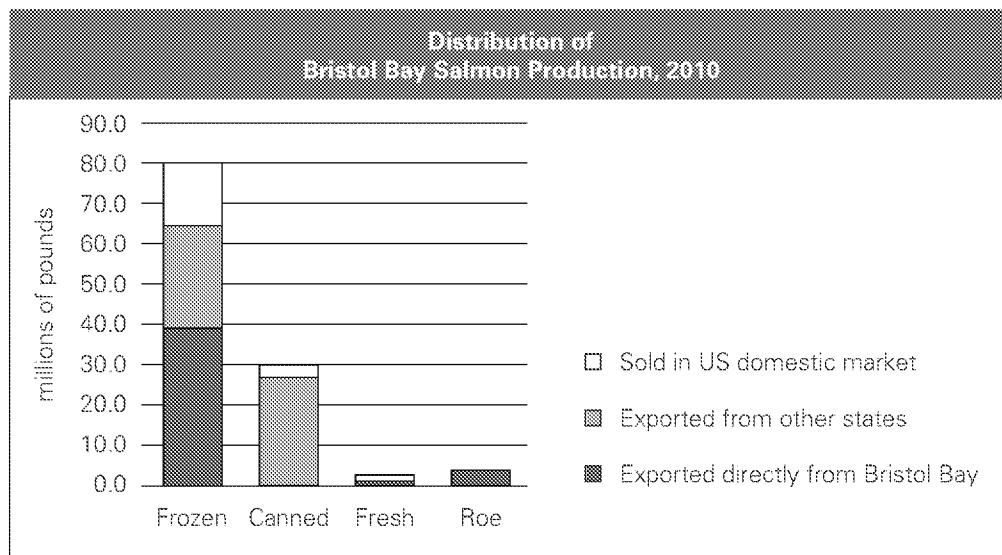
Frozen and canned salmon account for most of the volume and value of Bristol Bay salmon production.



About half of Bristol Bay frozen salmon is exported directly from Bristol Bay, primarily to Japan and China. Most of the remaining frozen salmon is shipped to Washington state where much of it is repackaged and/or reprocessed into secondary products such as fillets, portions and smoked salmon. Some of these products are exported while the rest are sold in the US domestic market.

All Bristol Bay canned salmon is shipped to warehouses in Washington and Oregon where it is stored, labeled, and sold by processors over the course of the year, mostly to the United Kingdom and other export markets.

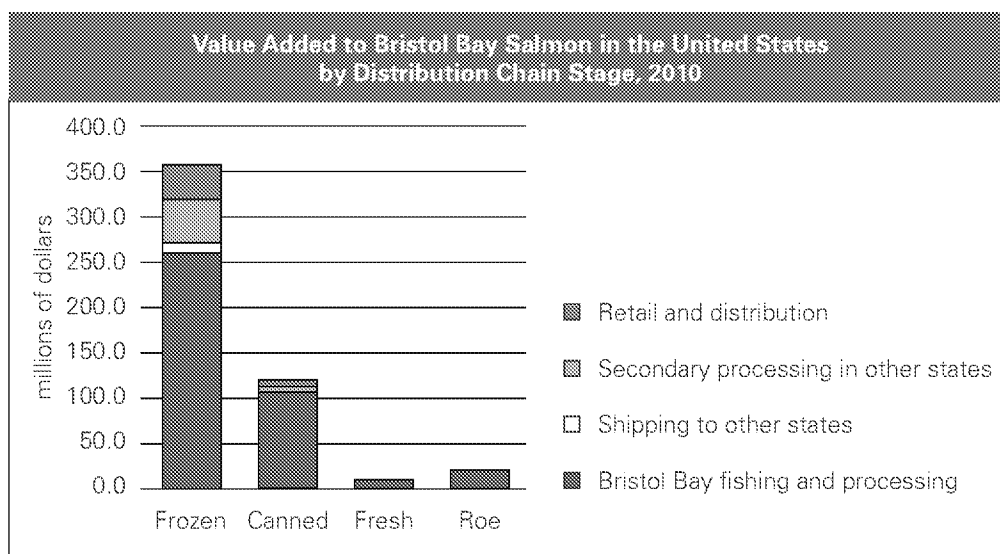
The total value of Bristol Bay salmon product exports in 2010 was about \$370 million, or about **one-tenth of the total value of all US seafood exports**.



Value is added to Bristol Bay salmon at each stage in the distribution chain. Because a large share is exported, most of the value added in the United States is in Bristol Bay fishing and processing, while about one-fifth is added in later stages of the distribution chain.

#### Containers for shipping Bristol Bay salmon products





## Economic Impacts of the Bristol Bay Salmon Industry

*Economic impacts* of the Bristol Bay salmon industry are the jobs, income and output value created by the fishery—or the jobs, income and output value that would not exist if the industry did not exist. Economic impacts include:

- » *Direct economic impacts:* Jobs, income and output value in businesses directly involved in harvesting, processing, and retailing Bristol Bay salmon.
- » *Multiplier economic impacts:* Jobs, income and output value created in other industries as Bristol Bay fishermen, processors and downstream industries purchase supplies and services, and as their employees spend their income.

We estimated both direct and indirect economic impacts for three stages of the distribution or value chain for Bristol Bay salmon in the United States:

- » Fishing and primary processing in Bristol Bay
- » Shipping to other states and secondary processing
- » Distribution and retailing (nationwide transportation, wholesaling and retailing of Bristol Bay salmon products in stores and restaurants throughout the United States)<sup>1</sup>

<sup>1</sup> Not all distribution and retailing can be considered economic impacts, because if Bristol Bay salmon did not exist, stores would sell other products instead, which would still create jobs, income and output value. For this reason, we characterize distribution and retailing as economic activity associated with Bristol Bay salmon. Because no data are available for Bristol Bay salmon retail volumes and prices, our estimates of economic activity for this stage are based on the simple assumption that distribution and retailing adds 50% to the value of salmon products. Thus our estimates of the economic activity for this stage should be considered approximate but conservative.

We estimated economic impacts for the United States as well as for Alaska, Washington, Oregon and California in 2010. To estimate economic impacts, we used IMPLAN input-output modeling software which tracks the ripple effects of payments between industries at both the national level as well as within individual states.

Our economic impact estimates do not account for the fact that Bristol Bay salmon fishing and processing is an integral part of the broader Alaska and Pacific Northwest seafood industry, and a major part of the income and operations of many fishermen and processing companies. Without the Bristol Bay salmon industry, costs would be higher and profits lower in the rest of the seafood industry. Thus our estimates of the economic importance of the Bristol Bay seafood industry are conservative.

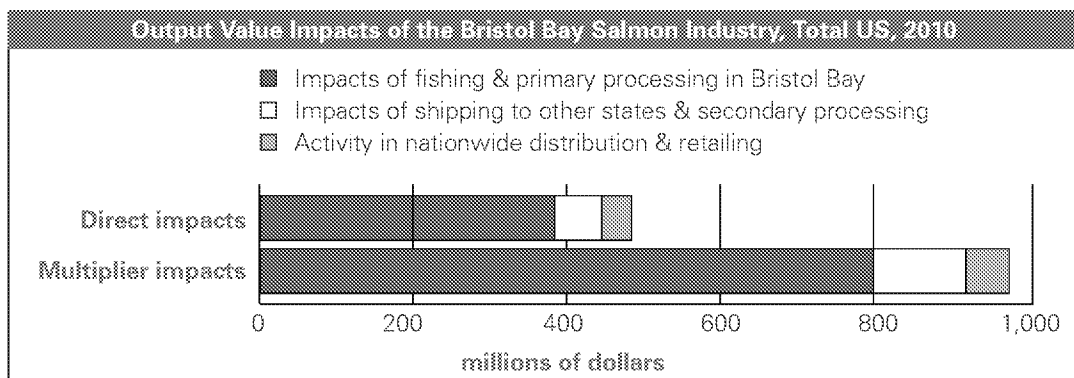
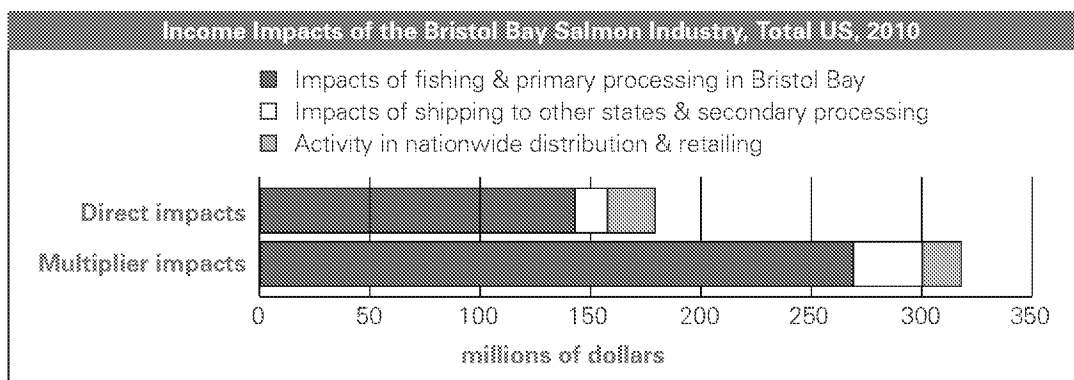
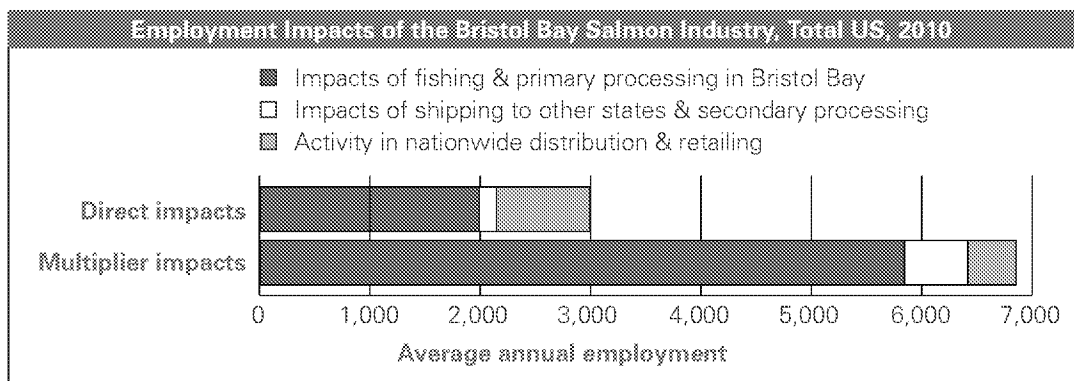
In 2010, almost 12,000 people worked in the Bristol Bay salmon industry during the fishing season, which occurs primarily in June and July. Of these, about 4,400 were Alaska residents, while most of the others were residents of West Coast states.

To compare Bristol Bay seasonal jobs lasting about two months with other year-round employment impacts, we converted them to annual average employment by dividing seasonal employment by six. Expressed as annual average employment, in 2010, almost 10,000 American jobs were created in harvesting, processing, and retailing Bristol Bay salmon and through the multiplier effects of these activities.

In 2010, Americans earned \$500 million from harvesting, processing, and retailing Bristol Bay salmon and the multiplier effects of these activities.



Seasonal Jobs in the Bristol Bay Salmon Industry in 2010						
	Total US	Alaska	Washington	Oregon	California	Other States
Fishing	7,035	3,734	1,948	362	345	646
Processing	4,886	635	1,279	1,781	208	983
Total	11,921	4,369	3,227	2,143	553	1,629



In 2010, \$1.5 billion in output value was created in the United States in harvesting, processing, and retailing Bristol Bay salmon and the multiplier effects of these activities.

The tables below provide additional details of our economic impact estimates. A large share of the impacts occur in West Coast states—reflecting the fact that about one-third of Bristol Bay fishermen and two-thirds of Bristol Bay processing workers live in West Coast states; almost all major Bristol Bay processing companies are based in Seattle; most of the supplies and services used in fishing and processing are purchased from Washington; and significant secondary processing of Bristol Bay salmon products occurs in Washington and Oregon.

<b>Employment Impacts of the Bristol Bay Salmon Industry, 2010 (annual average employment)</b>							
Impact Driver		Total US	AK	WA	OR	CA	Other States
Fishing and primary processing in Bristol Bay	Direct impacts*	1,987	728	538	357	92	272
	Multiplier impacts	5,852	1,338	2,237	163	249	1,865
	<b>Total impacts</b>	<b>7,839</b>	<b>2,066</b>	<b>2,775</b>	<b>520</b>	<b>341</b>	<b>2,137</b>
Shipping to other states and secondary processing	Direct impacts	191		156	15		
	Multiplier impacts	563		229	24		
	<b>Total impacts</b>	<b>754</b>		<b>385</b>	<b>39</b>		
<b>Total impacts</b>		<b>8,592</b>		<b>3,160</b>	<b>559</b>		
Nationwide distribution and retailing**	Direct activity	787	Note: Total US may exceed sum of estimates shown for individual states; see report for technical explanation. *Direct employment impacts of fishing and processing in Bristol Bay were calculated by dividing seasonal employment by 6. ** Based on conservative assumption that distribution and retailing adds 50% to value. Data on actual markup not available.				
	Multiplier activity	425					
	<b>Total activity</b>	<b>1,212</b>					
<b>Total impacts &amp; activity</b>		<b>9,804</b>					

<b>Income Impacts of the Bristol Bay Salmon Industry, 2010 (millions of dollars)</b>							
Impact Driver		Total US	AK	WA	OR	CA	Other States
Fishing and primary processing in Bristol Bay	Direct impacts	144	50	48	8	19	18
	Multiplier impacts	268	62	98	7	12	90
	<b>Total impacts</b>	<b>412</b>	<b>112</b>	<b>146</b>	<b>15</b>	<b>31</b>	<b>108</b>
Shipping to other states and secondary processing	Direct impacts	13		11	1		
	Multiplier impacts	30		12	1		
	<b>Total impacts</b>	<b>43</b>		<b>23</b>	<b>2</b>		
<b>Total impacts</b>		<b>455</b>		<b>169</b>	<b>17</b>		
Nationwide distribution and retailing*	Direct activity	23	Note: Total US may exceed sum of estimates shown for individual states; see report for technical explanation. * Based on conservative assumption that distribution and retailing adds 50% to value. Data on actual markup not available.				
	Multiplier activity	20					
	<b>Total activity</b>	<b>42</b>					
<b>Total impacts &amp; activity</b>		<b>497</b>					

Output Value Impacts of the Bristol Bay Salmon Industry, 2010 (millions of dollars)							
Impact Driver		Total US	AK	WA	OR	CA	Other States
Fishing and primary processing in Bristol Bay	Direct impacts	390	127	198	13	19	30
	Multiplier impacts	801	161	288	19	37	297
	Total impacts	1,191	288	486	32	56	327
Shipping to other states and secondary processing in WA & OR	Direct impacts	68		56	4		
	Multiplier impacts	111		37	3		
	Total impacts	179		93	6		
Total impacts		1,370		580	38		
Nationwide distribution and retailing*	Direct activity	46	Note: Total US may exceed sum of estimates shown for individual states; see report for technical explanation. Output value allocated among states based on the residency of fishing and processing workers and business locations. * Based on conservative assumption that distribution and retailing adds 50% to value. Data on actual markup not available.				
	Multiplier activity	61					
	Total activity	106					
Total impacts & activity		1,476					



## Conclusions

The Bristol Bay salmon fishery is the world's most valuable wild salmon fishery. It contributes well over \$1 billion in value and about 10,000 jobs to the United States economy every year, across multiple industries and states. It has operated continuously for more than 120 years and can continue to provide significant and widespread economic benefits across multiple industries and states for the foreseeable future.